

LEARN4LIFE OFFICE INVESTMENT

44451 20th St W, Lancaster, CA 93534



OFFERING MEMORANDUM



BLACK MARLIN
COMMERCIAL REAL ESTATE
A WEHRMANN GROUP COMPANY

TABLE OF CONTENTS

- I Executive Summary
 - a. The Offering
- II Property Information
 - a. Site Overview
 - b. Replacement Cost Analysis
 - c. Property Aerials
 - d. Floor Plan
 - e. Site Rendering
- III Area Overview
 - a. High Desert Overview
 - b. Lancaster Overview
 - c. Demographics
 - d. Points of Interest / Medical Office Buildings
 - e. Antelope Valley Office Market Overview
- IV Financial Analysis
 - a. Financial Summary
 - b. Tenant Overview and Rent Schedules
- V Market Overview
 - a. Competitive Set
 - b. Sold Comparables



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44451 20th Street, West
Lancaster, CA 93534



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Confidentiality & Restricted Use Agreement

44451 20th St W,
Lancaster, CA 93534



This is a confidential memorandum intended solely for your own limited use in considering whether to pursue negotiations to purchase 44451 20th Street West, Lancaster, California (the "Property"). The Owner has retained BLACK MARLIN COMMERCIAL REAL ESTATE ("BMCRE") as the exclusive sales broker to sell the Property. No other agent or broker is authorized to offer the Property unless and until that agent or broker has executed a written agreement with BMCRE and that agreement has been executed by their interested purchaser.

This confidential memorandum contains brief, selected information pertaining to the business and affairs of the Property and has been prepared by BMCRE. Although this confidential memorandum has been reviewed by representatives of the Owner, it does not purport to be all-inclusive or to contain all of the information which a prospective purchaser may desire. Neither the Owner nor BMCRE, nor any of their partners, officers, employees or agents have independently verified the information contained herein and they are not responsible for any errors or inaccuracies in the information. No representation or warranty, express or implied, is made as to the accuracy or completeness of this confidential memorandum or any of its contents, or any other written or oral communication transmitted to a prospective purchaser in the course of its evaluation of the proposed sale of the Property. There is no representation as to the environmental condition of the Property.

You agree that the memorandum and its contents are confidential, that you will hold and treat it in confidence and that you will not disclose this memorandum or its contents to any other firm or entity without prior written authorization. Photocopying or other duplication is prohibited. You will use this confidential memorandum only for the purpose of evaluating the possible acquisition of the Property. All prospective purchasers agree that they will conduct their own independent investigation of those matters which they deem appropriate in order to evaluate this offering.

Owner and BMCRE expressly reserve the right at their sole discretion to reject any or all proposals, offers, or expressions of interest in the Property and to terminate discussions with any party at any time with or without notice.

This confidential memorandum shall not be deemed a representation of the state of affairs of the Property or imply that there has been no change in the business or affairs of the Property since the date of preparation of this memorandum. The Property is submitted for sale subject to the right to make changes in any of the terms without notice.

EXCLUSIVE ADVISORS

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The Offering

44451 20th St W,
Lancaster, CA 93534



Black Marlin CRE, as the exclusive advisor to the Owner, is pleased to present for review the pricing and market analysis for 44451 20th Street West, Lancaster, California.

INVESTMENT SUMMARY

Price:\$3,135,000.00
Price PSF:.....\$210.81
Building Size:14,871 SF
Asset Type:Commercial/Office, Class B
Occupancy:100%

Built in 2000 and renovated in 2019, this single-story asset was custom-built for the Social Security Administration office, which has outgrown the location. Currently occupied by reputable Learn4Life charter school system, comprised of over 50 locations in California. Each location is Western Association of Schools and Colleges (WASC) accredited by the Accrediting Commission for Schools. In addition, Learn4Life (LLAC) is a Type III supporting organization and 501(c)(3). The properties size, design and location fulfilled perfectly the tenant’s requirement for administrative and teacher/instructor training site needs.

Some of the features of the property include, but not limited to, the nicely landscaped with a portico entrance, welcoming employees and their visitors with automatic retractable doors leading to the vestibule and large reception area with guest restrooms. The interior makeup includes the buildout of three private offices, large storage room, file cabinet area, server/IT room, electrical room (lots of power!), janitorial closet, kitchen/ dining area with enclosed patio and equipped with heavy data wiring.

Home and close to Edwards Air Force Base, the facility is conveniently located off the Antelope Valley Freeway. Lancaster is a charter city in northern Los Angeles County, in the Antelope Valley of the western Mojave Desert in Southern California; the 31st largest city in the state. In 2007 and 2013, the City of Lancaster was honored with the Eddy Award for Most Business-Friendly City in L.A. County from the Los Angeles County Economic Development Corporation (LAEDC) and has a refreshing entrepreneurial spirit and a “can-do” approach through creative problem solving and innovative approaches to addressing unique business needs.

- Stand-alone, Single User Office Building
- Well-Constructed & Well-Maintained – Newly Renovated
- Lit Surface Parking; Newly Sealed & Striped
- Conveniently Located near Freeway, Retail, Hospitals & More



Site Overview

44451 20th St W,
Lancaster, CA 93534



Address	44451 20th St. W, Lancaster, 93534
APN#	3122-038-045
County	Los Angeles
Market	Los Angeles
Submarket	Antelope Valley
Property Type	Single Story Office
Year Built	2000
Ownership Interest	Fee Simple
Building Size	±14,871 SF
Available SF	±14,871 SF
Land Size	1.78 Acre
Percent Leased	100%
Zoning	Commercial
Parking Stalls	95
Parking Ratio	6.38:1,000
Major Tenant	Learn4Life
Ingress/Egress	20th St. W (shared easement)

Replacement Cost Analysis

44451 20th St W,
Lancaster, CA 93534



Building SQFT. of 44451 20th St. W, Lancaster

14,871

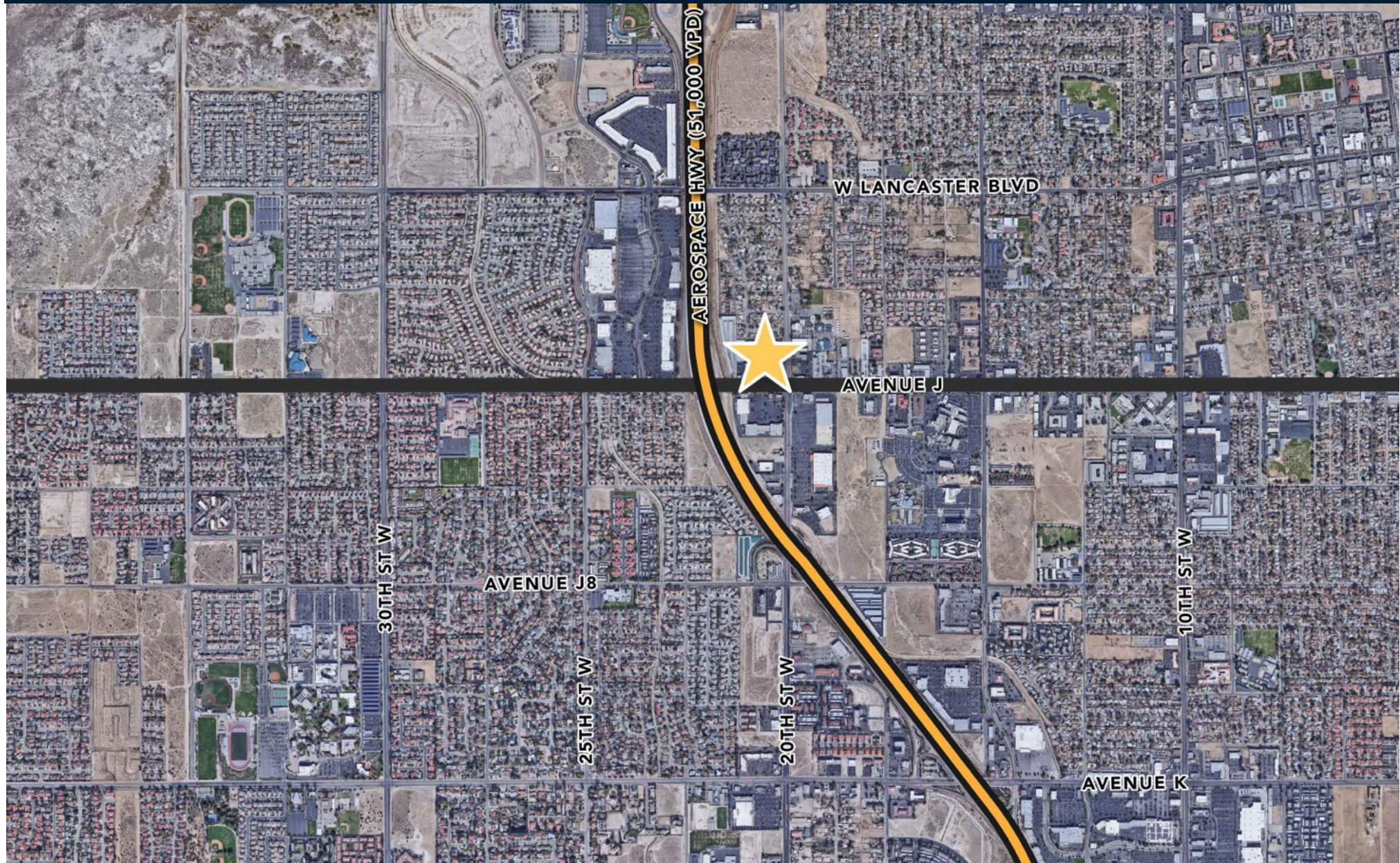
	TOTAL	PER BUILDING SQUARE FOOT
Shell & Core Cost	\$2,379,360	\$160
Soft Cost (taxes, insurance, development fee, etc.)	\$892,260	\$60
Tenant Improvements	\$889,260	\$60
Site Work (est. 95 parking stalls @ avg. of \$3,000 per stall)	\$285,969	\$19.23
Estimated Land Cost (per building sqft.)	\$297,420	\$20
Total Replacement Cost	\$4,744,269	\$319.02

Aerial Overview

44451 20th St W,
Lancaster, CA 93534

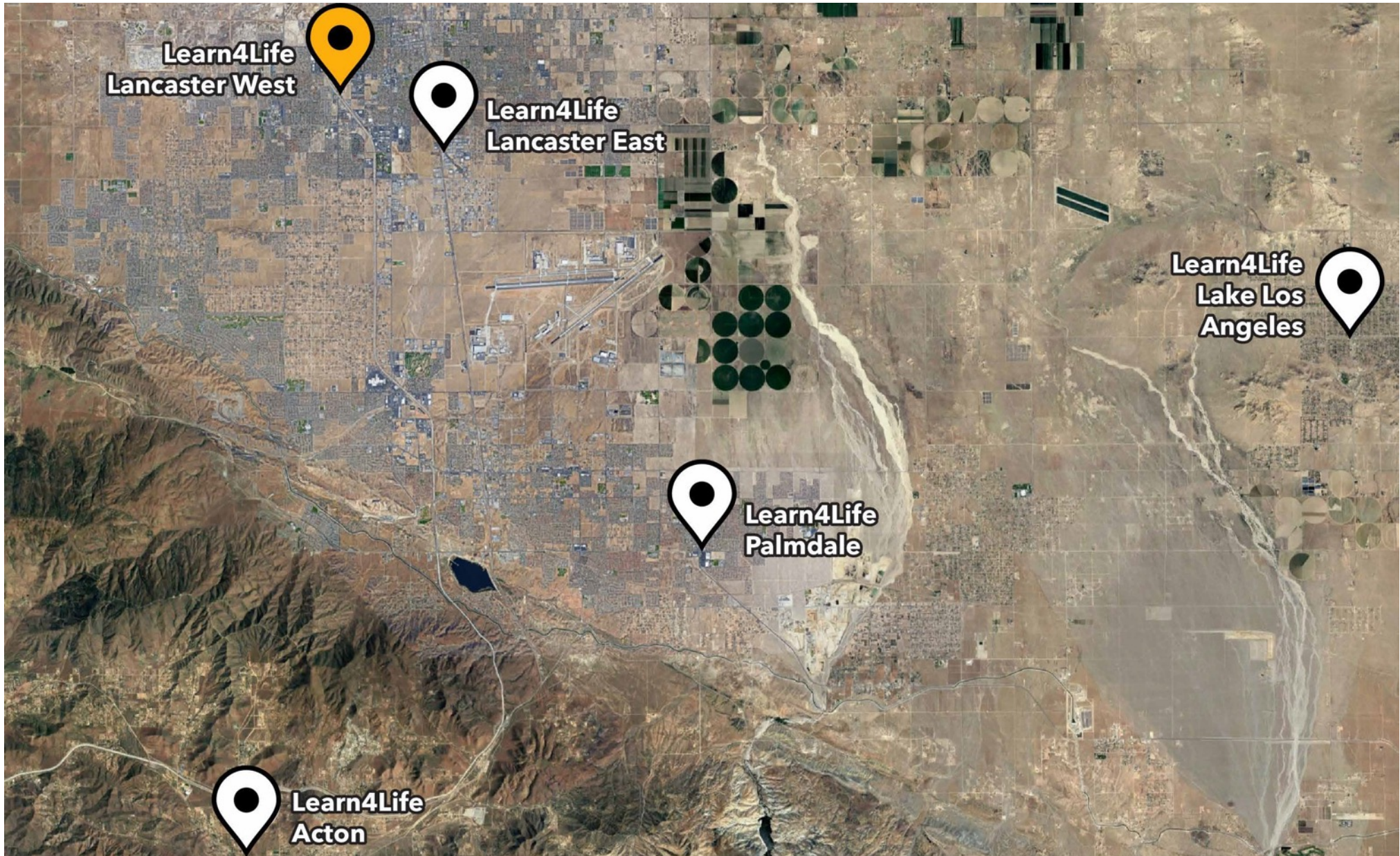


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Antelope Valley Learn4Life Locations

44451 20th St W,
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Retail Aerial

44451 20th St W,
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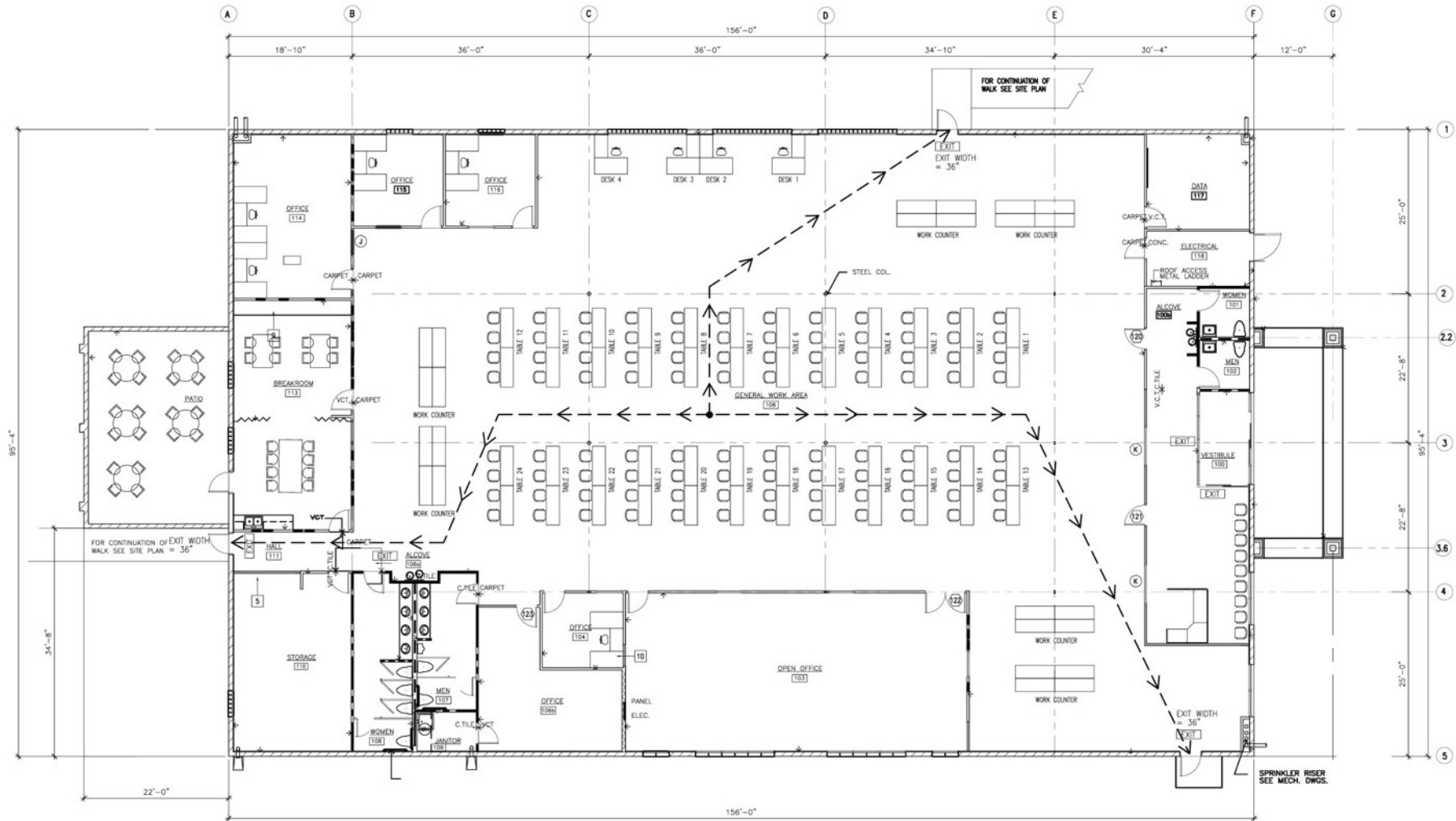
Traffic Count

44451 20th St W,
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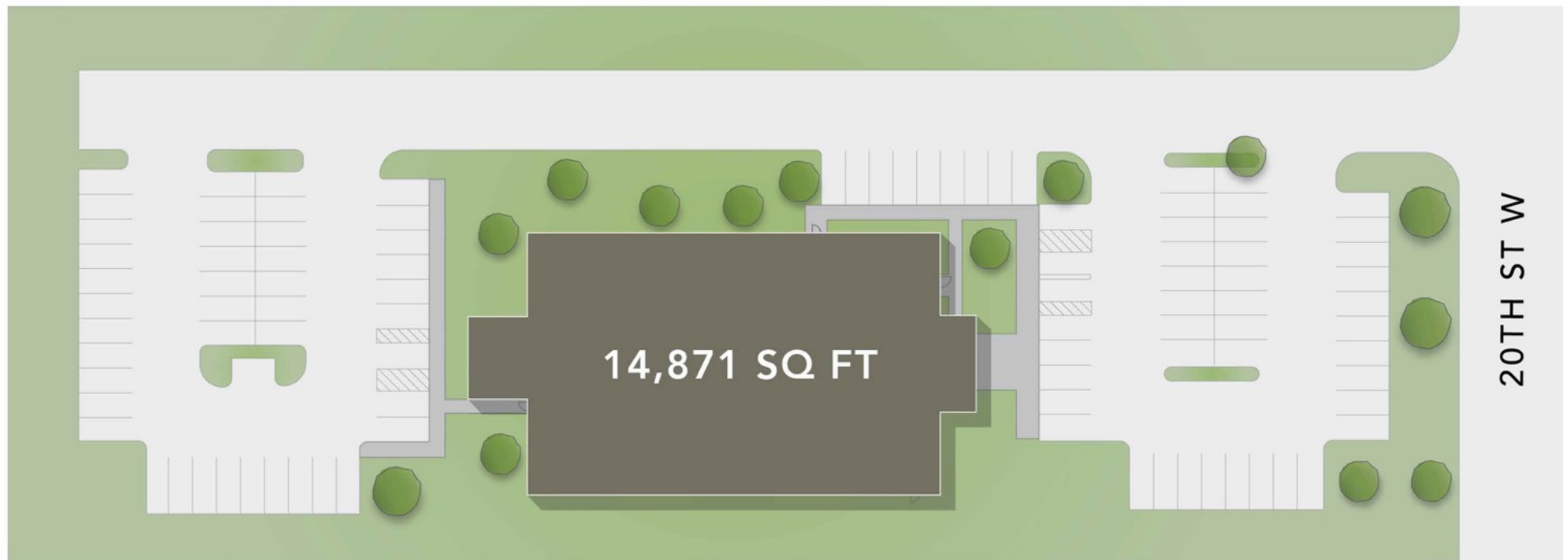
Floor Plan

44451 20th St W,
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Site Rendering

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High Desert Overview

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Lancaster, CA 93534



The High Desert refers to the elevated portion of the Mojave Desert that is spread across four counties in Southern California. The Western Antelope Valley portion of the High Desert contains the two largest cities of Palmdale and Lancaster, and has a total population of 341,219 residents. This portion is also part of Los Angeles County, and is seventh largest urban area in the Greater Los Angeles Metropolitan Area. The Antelope Valley's economy is built around the aero-



space industry surrounding Edward's Air Force Base, which serves both the Department of Defense and NASA. The Palmdale-Lancaster urban area also benefits from its location on the California State Route 14, which gives the region easy access to Los Angeles County and the Ports of Los Angeles and Long Beach.

The next largest region is centered on the Victorville-Hesperia urban area, which is located in the Victor Valley in the Inland Empire. This urban area is home to 328,454 residents located across four incorporated cities, Adelanto, Apple Valley, Hesperia, and Victorville, and several unincorporated communities. The economy of the Victorville-Hesperia urban area is similarly

built around the aerospace and transportation industries surrounding the Southern California Logistics Airport, which replaced George Air Force Base. The surrounding industry supports logistics, as well as the manufacture of several aircraft, including the Predator Drone in Adelanto. The Victorville-Hesperia urban area also benefits from its location to Interstate 15 and California State Route 18, which gives the region broader access to Inland Empire and the neighboring

state of Nevada.

The remaining regions of the High Desert are located in the eastern portion of Kern County and Inyo County. The Kern County portion of the High Desert includes the nearby cities of California City and Mojave City, which support the immediate needs of the nearby Edwards Air Force Base. This portion is connected to Bakersfield and the western portion of Kern County in the Central Valley by California State Route 58, which crosses the Tehachapi Mountains. The Inyo County portion of the High Desert is dominated by Death Valley National Park, and serves as a border region to neighboring Nevada.



Lancaster Overview & Demographics

44451 20th St W,
Lancaster, CA 93534



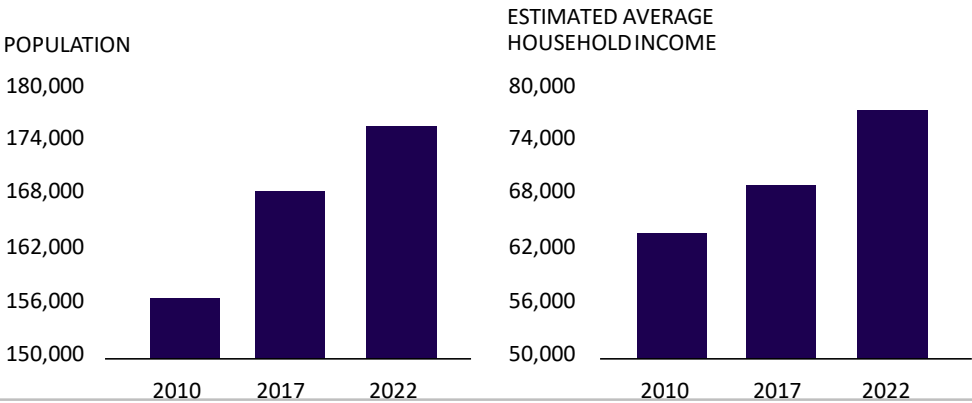
LANCASTER is a city in northern Los Angeles County and is a principal city in the Antelope Valley region and Southern California’s High Desert. Lancaster is located approximately 70 miles north of Downtown Los Angeles, near the Kern County line. It is separated from the Los Angeles Basin by the San Gabriel Mountains to the south, and from Bakersfield and the San Joaquin Valley by the Tehachapi Mountains to the north.

According to the League of California Cities, Lancaster was the 35th largest city in California as of 2017. The current population is estimated to be 168,588 and is projected to increase 4.2% over the next five years to reach 175,657 in 2022. Lancaster’s population is diverse, with 48% identifying as white, 20% identifying as black, 1% as American Indian, 5% Asian, 20% as another race and 6% multiracial. Average household income in 2017 is \$69,152 and is projected to increase 12.5% in five years to \$77,786.

In 2017, Lancaster was ranked by Los Angeles Economic Development Corporation (LAEDC) as one of the most business-friendly cities in California. The city is home to major contractors such as Boeing, Northrop Grumman, Lockheed Martin, BAE, and government agencies, such as the NASA Dryden Flight Research Center, which are all active in design, testing, and manufacturing of a variety of military and commercial equipment. Notable include the Space Shuttle orbiters, B-1 Lancer bomber, B-2 Spirit bomber, F-117 Nighthawk fighter, F-35 Joint Strike Fighter, and the Lockheed L-1011. The region is also proximate to the Mojave Air & Space Port, which is famous as the base of operations for Virgin Galactic and Scaled Composites.

ANTELOPE VALLEY LARGEST EMPLOYERS

Edwards Air Force Base	11,149
Naval Weapons Air Station - China Lake	9,906
County of Los Angeles (AV Region)	4,211
Northrop Grumman	4,200
Lockheed Martin	3,700
A.V. Union High School District	2,500
Antelope Valley Hospital Medical Center	2,425
Lancaster School District	2,200
Wal-Mart	1,922
Palmdale School District	1,792
NASA Armstrong Flight Research Center	1,370
Rio Tinto Minerals	1,200
Palmdale Regional Medical Center	1,103



INCOME	1 MILE	3 MILE	5 MILE
2017 Household Income: Average	\$80,515	\$68,087	\$71,387
2017 Household Income: Median	\$60,270	\$54,062	\$56,992
2017 Per Capita Income	\$27,693	\$22,984	\$22,943
AGE	1 MILE	3 MILE	5 MILE
Age 19 Years or Less	3,599	25,957	46,828
Age 20 to 64 Years	8,098	53,065	95,887
Age 65 Years or Over	1,899	10,859	17,858

Points of Interest

44451 20th St W,
Lancaster, CA 93534



Antelope Valley Office Market Trends

44451 20th St W,
Lancaster, CA 93534



12 Mo Deliveries in SF

0

12 Mo Net Absorption in SF

97 K

Vacancy Rate

7%

12 Mo Rent Growth

2.4%

The Antelope Valley's office inventory is clustered in the cities of Palmdale and Lancaster. This area is far removed from the metro center, over 60 miles from Downtown Los Angeles, and most inventory is in smaller, 1 to 3 Star buildings. Major employers in the submarket are government agencies, medical providers, and aerospace/defense companies. The largest lease in recent history was at 43847 Heaton Ave. this April for 40,000 SF to an undisclosed tenant. The building is undergoing a full renovation and expansion, with expected move-in this fall. The only other lease over 20,000 SF this past year was in 18Q3, when Lockheed Martin

signed for 21,000 SF at The Abbey Company's Sierra Gateway Business Center.

Since the beginning of 2018, there has been a sustained compression of vacancy, from 12.8% in 18Q1 to 7.0% today. The relatively small amount of office inventory here means that small shifts can have an outsized impact on the vacancy rate. For example, several government tenants moved into a long-vacant 100,000-SF building at 176 Holston Dr. in Lancaster in 18Q2, the primary factor behind a more than 460-basis-point vacancy drop last year. Despite notable recent vacancy compression, current

rent growth, at 2.4%, is trailing the metro's pace.

Kaiser Permanente's 91,000-SF medical office building, built in Lancaster in 2014, was the last significant new construction here, and new development is rare. Office investors tend to look closer to the metro center, and few significant trades take place in the Antelope Valley. The April 2017 sale of the High Desert Medical Group building to AR Global Investments for \$12.5 million was the largest office trade here since 2015, and no sales in excess of \$2.5 million were recorded in 2018-19.

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability	Rate Net Absorption	Deliveries SF	Under Construction
4 & 5 Star	255,353	7.2%	\$40.66	7.2%	0	0	0
3 Star	2,255,760	7.8%	\$30.08	11.8%	2,000	0	0
1 & 2 Star	1,695,340	5.8%	\$25.19	4.1%	641	0	0
Submarket	4,206,453	7.0%	\$28.75	8.4%	2,641	0	0

Annual Trends	12 Month	Historical Averages	Forecast Average	Peak	When	Trough	When
Vacancy Change YOY)	-2.3%	7.2%	7.3%	13.9%	2013 Q1	1.5%	1996 Q2
Net Absorption SF	97 K	51,949	2,446	229,522	2003 Q4	(179,903)	2013 Q1
Deliveries SF	0	64,333	2,801	353,128	2009 Q1	0	2019 Q2
Rent Growth	2.4%	3.2%	1.7%	12.8%	2007 Q2	-10.6%	2009 Q4
Sales Volume	\$21.3 M	\$12.7M	N/A	\$41.2M	2017 Q3	\$0	2002 Q1

Financial Summary

44451 20th St W,
Lancaster, CA 93534



Overview

Units:	1
PRICE:	\$3,135,000.00
Down Payment (30%):	\$940,500.00
Price PSF:	\$210.81
Building Size (SF):	14,871

Income Summary (Current)

2019 Gross Scheduled Income:	\$231,987.60
Gross Operating Income:	\$231,987.60
NOI:	(Year 1) \$219,361.00
CAP Rate:	7.0%



Estimated Annual Expenses

New Property Tax:	Tenant
Insurance (Estimated-X .002):	\$3,704.00
Management Fee (3.5%):	Self Manage
Maintenance Reserve (\$.05 psf/yr):	\$8,922.60
Janitorial:	Tenant
Landscape Services:	Tenant
Utilities:	Tenant
Estimated Total Expenses:	\$12,626.00

Value Indicators:

Year Built:	2000
Number of Units:	1
Building SF:	14,871
Lot Size (SF):	77,972
Parking Spaces:	95 surface/free
Base Year:	2019

Tenant Overview and Rent Schedules

44451 20th St W,
Lancaster, CA 93534



Rent Schedule				
Start Date	Increase	Rent PSF/MG	Annual Rent	Monthly Rent
4/1/19		\$1.30	\$231,987.60	\$19,332.30
4/1/20	3%	\$1.33	\$238,947.12	\$19,912.26
4/1/21	3%	\$1.37	\$246,115.44	\$20,509.62
4/1/22	3%	\$1.42	\$253,498.80	\$21,124.90
4/1/23	3%	\$1.46	\$261,103.68	\$21,758.64

Term Commencement:	4/1/19
Term Expiration:	3/31/24
Term remaining:	4 years & 7 months
Current Monthly rent:	\$19,332.30
Current Annual rent:	\$231,987.60
Options Remaining:	one (1) five-year option period
Rent Increases:	3% per annum
Base Year:	2019



Competitive Set

44451 20th St W,
Lancaster, CA 93534



Subject Property: 44451 20th Street W, Lancaster, CA 93534



1 43944 15th St W, Lancaster, CA

Sale Price	\$2,500,000
Sale Date	For Sale
Building SF	13,526SF
Price PSF	\$184.83
Lot Size	1.16 AC
Year Built	2009
Parking Spaces	50
Property Type	Office



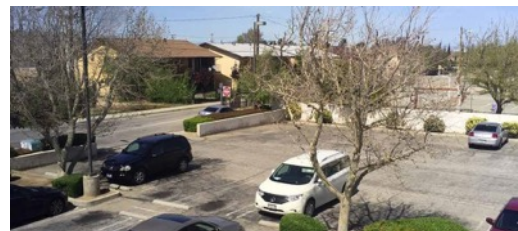
2 562-564 W Lancaster Blvd, Lancaster, CA

Sale Price	\$1,100,000
Sale Date	For Sale
Building SF	10,371SF
Price PSF	\$106.06/SF
Lot Size	0.35 AC
Year Built	1945
Parking Spaces	0
Property Type	Office



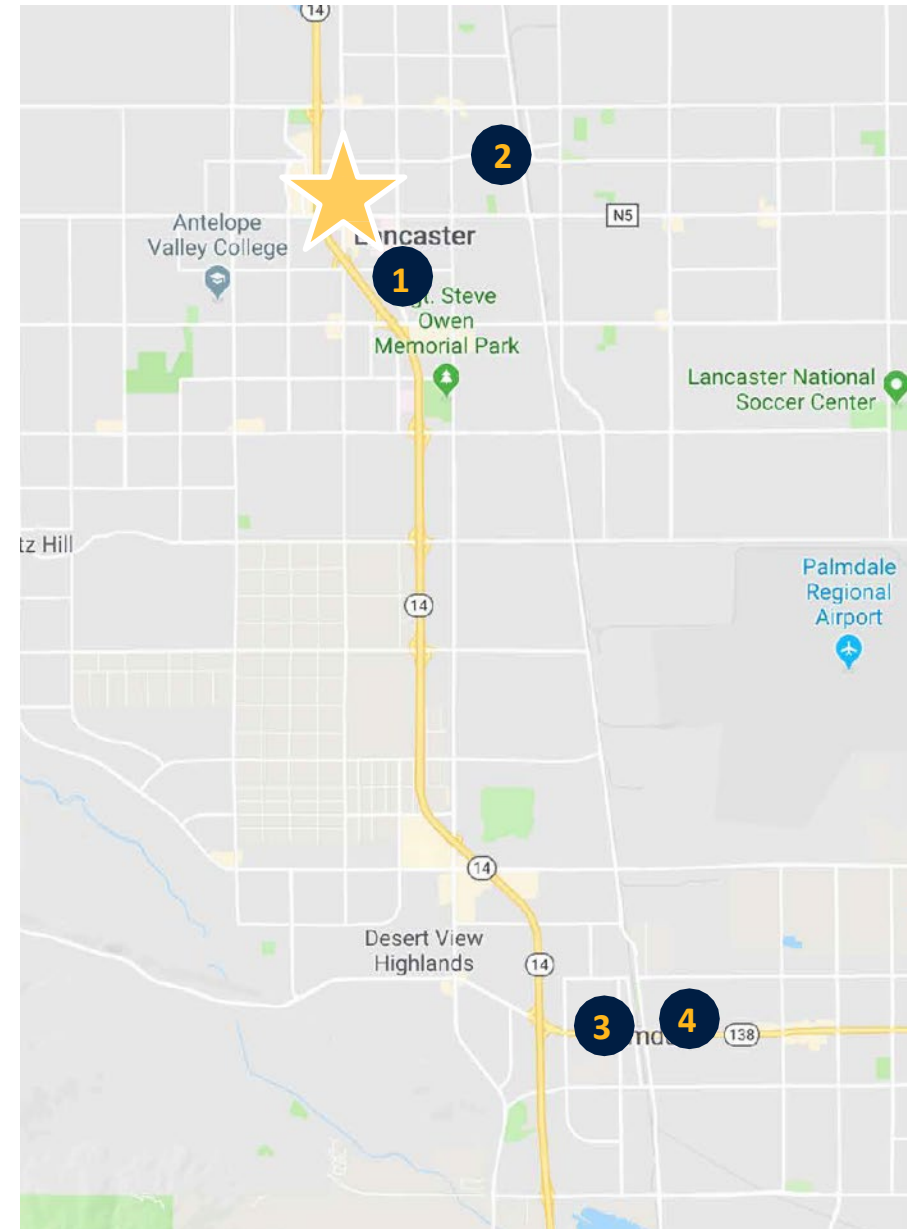
3 310 E Palmdale Blvd, Palmdale, CA

Sale Price	\$1,895,000
Sale Date	For Sale
Building SF	16,289SF
Price PSF	\$116.34/SF
Lot Size	0.80 AC
Year Built	1989
Parking Spaces	Free Surface Spaces
Property Type	Office



4 1037 E Palmdale Blvd, Palmdale CA

Sale Price	\$2,200,000
Sale Date	For Sale
Building SF	13,752SF
Price PSF	\$159.98/SF
Lot Size	0.71 AC
Year Built	1987
Parking Spaces	12 Covered / 40 Surface
Property Type	Office



Sold Comparables

44451 20th St W,
Lancaster, CA 93534



Subject Property: 44451 20th Street W, Lancaster, CA 93534



5 1650-1658 W Avenue J, Lancaster, CA

Sale Price	\$1,300,000
Sale Date	3/21/2019
Building SF	11,049SF
Price PSF	\$117.66/SF
Lot Size	1.69 AC
Year Built	1974
Parking Spaces	80
Property Type	Medical



6 1727 W Avenue K, Lancaster, CA

Sale Price	\$1,700,000
Sale Date	7/13/2018
Building SF	11,746SF
Price PSF	\$144.73/SF
Lot Size	0.65 AC
Year Built	1981
Parking Spaces	36
Property Type	Office



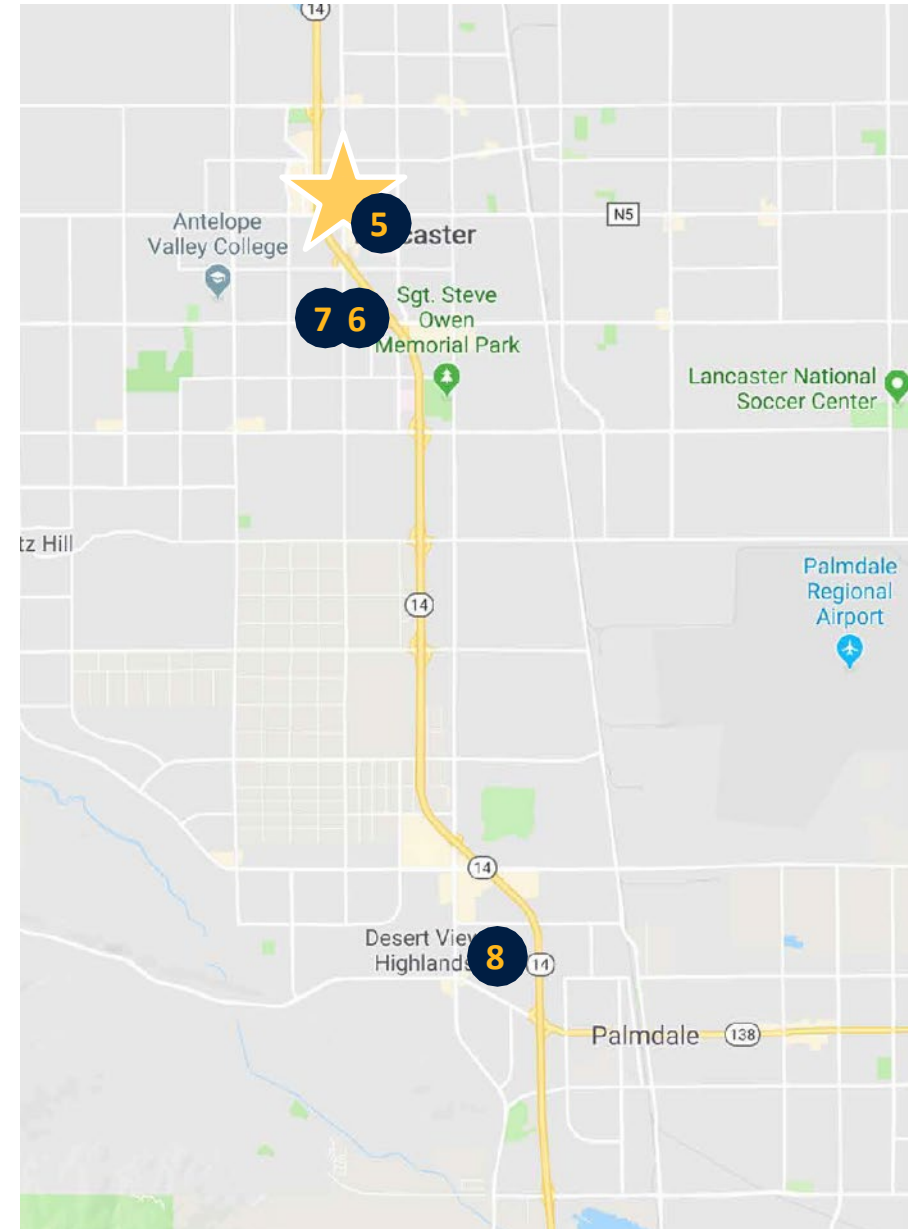
7 1817 W Avenue K, Lancaster, CA

Sale Price	\$2,400,000
Sale Date	4/15/2019
Building SF	13,354SF
Price PSF	\$179.72/SF
Lot Size	0.57 AC
Year Built	2006
Parking Spaces	Ratio of 3.59/1,000SF
Property Type	Office



8 514 Commerce Ave, Palmdale, CA

Sale Price	\$295,000
Sale Date	10/31/2018
Building SF	13,498SF
Price PSF	\$21.86/SF
Lot Size	-
Year Built	2007
Parking Spaces	5
Property Type	Loft/Creative Space



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